

Message Text

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70

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 OMB-01 INT-05 PA-01 PRS-01 EUR-12 EA-07 /070 W

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R 191942Z JAN 76

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 6678

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EO 11652: N/A

TAGS: EFIN, CI, EALR

SUBJECT: COPPER PRICE ASSUMPTIONS FOR AVOIDANCE OF PARIS CLUB
DEBT NEGOTIATIONS

REF: SANTIAGO 0303

1. IN HIS PRESS INTERVIEW OF JANUARY 13 (REFTEL) FINMIN CAUAS DID NOT SPECIFY THE PRECISE COPPER PRICE ASSUMPTIONS ON BASIS OF WHICH HE FORESAW POSSIBILITY OF AVOIDING PARIS CLUB DEBT RESCHEDULING. QUESTION WAS PUT TO ALVARO BARDON, VICE PRESIDENT OF CENTRAL BANK, AS TO WHETHER CAUAS FORECAST IS BASED ON SAME COPPER PRICE ASSUMPTION AS GOC 1976 BUDGET, WHICH WAS 65 CENTS PER POUND.

2. BARDON REPLIED THAT THEY ARE NOW WORKING FROM TWO ESTIMATES FOR 1976 COPPER PRICES: 60 CENTS AND 55 CENTS. AT 60 CENTS PER POUND, DEBT PAYMENTS CAN BE MET WITHOUT PARIS CLUB NEGOTIATION, SOME INCREASES IN IMPORTS CAN BE PERMITTED, AND THE BOP GAP WILL BE \$200 MILLION, WHICH CAN BE READILY FINANCED.

3. AT 55 CENTS, HOWEVER, IMPORTS CANNOT INCREASE AND THE GAP WILL BE \$300 MILLION, FOR WHICH THE POSSIBILITY OF FINANCING IS UNCERTAIN.

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4. COMMENT. DEPARTMENT IS AWARE THAT LONDON METALS EXCHANGE PRICES NOW AVERAGING 54-55 CENTS PER POUND. SHOULD THIS PRICE LEVEL PERSIST THROUGH 1976, AND SHOULD CHILE STILL TRY TO MEET ITS DEBT OBLIGATIONS WITHOUT RESCHEDULING, IMPORTS WOULD THEN HAVE TO SHRINK STILL FURTHER. FURTHER PRESSURE ON THE ECONOMY GENERALLY AND WORSENING UNEMPLOYMENT WOULD RESULT.
POPPER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COPPER, GOVERNMENT DEBTS, DEBT REPAYMENTS, NEGOTIATIONS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 19 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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